



# **Implementing the Affordable Care Act in Kansas: First Steps**

**National Governors Association  
Health Reform Implementation Meeting**

Stowe, Vermont  
September 13, 2010

Andy Allison, KHPA Executive Director



# Overview

- Implementation Priorities
- Analysis of Potential Impact on Kansas
- Operational Challenges
  - Transforming eligibility, enrollment ,and outreach to achieve universal coverage
  - Identifying efficiencies in the administration of state health insurance markets



# Implementation Priorities



# About the Kansas Health Policy Authority

- Established in 2005 to coordinate health policy in Kansas
- Independent agency overseen by appointed Board
- Single State Medicaid agency
- Operates other major health care purchasing programs
- Develop health policy recommendations
- **Strategic priorities established by Board for 2010**
  - **Maintain program integrity in light of multiple cutbacks**
  - **Implement Federal health reforms**
  - **Manage Medicaid and other health care spending**



# Federal Reforms: State Responsibilities

- Implement insurance reforms
- Decide whether to accept the responsibility and opportunities of establishing an exchange
- Define competition in insurance markets and implement it in the exchange
- Decide whether, and how, to use new buying power
- Establish operational base for new exchanges
- Expand Medicaid and coordinate with the new exchange(s)
- Ensure continuous access to coverage
- Determine Medicaid's new role in the health care system
- Use grants and demonstrations to reform health care



# ACA Implementation Priorities

- **Understand and Describe Reform: Estimate Potential Impact on Kansas**
- **Coordinate information system changes**
- Closely monitor and work with Federal agencies
- Detailed analysis of state policy choices under the ACA
  - Create options for Medicaid benefit packages
  - Create options for simplifying Medicaid eligibility
- Coordinate planning for exchange operation and structure with Kansas Insurance Department
- Work closely with other state agencies and stakeholders



# **Analysis of Potential Impact on Kansas**

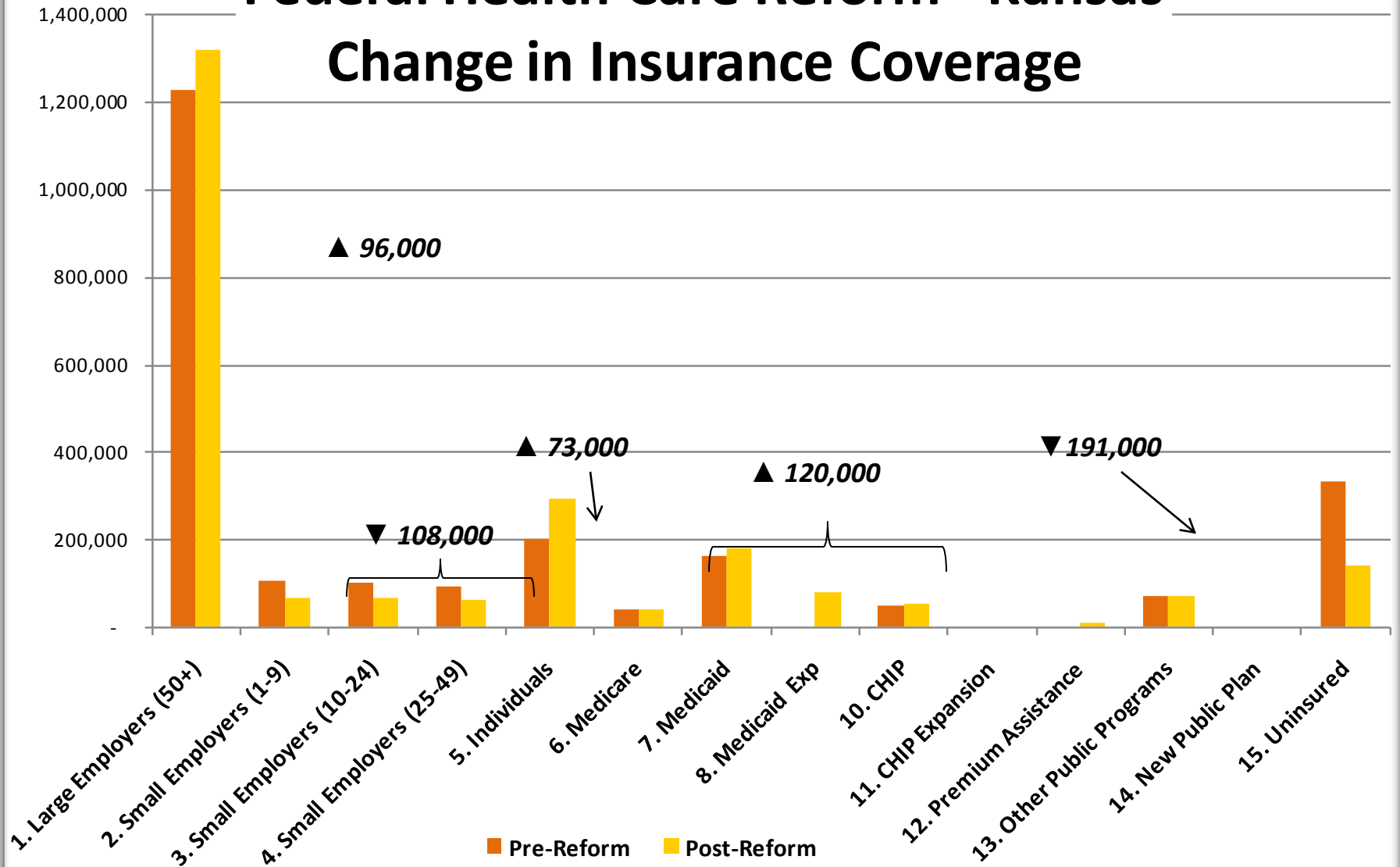


# Health Reform Estimates: Key Assumptions

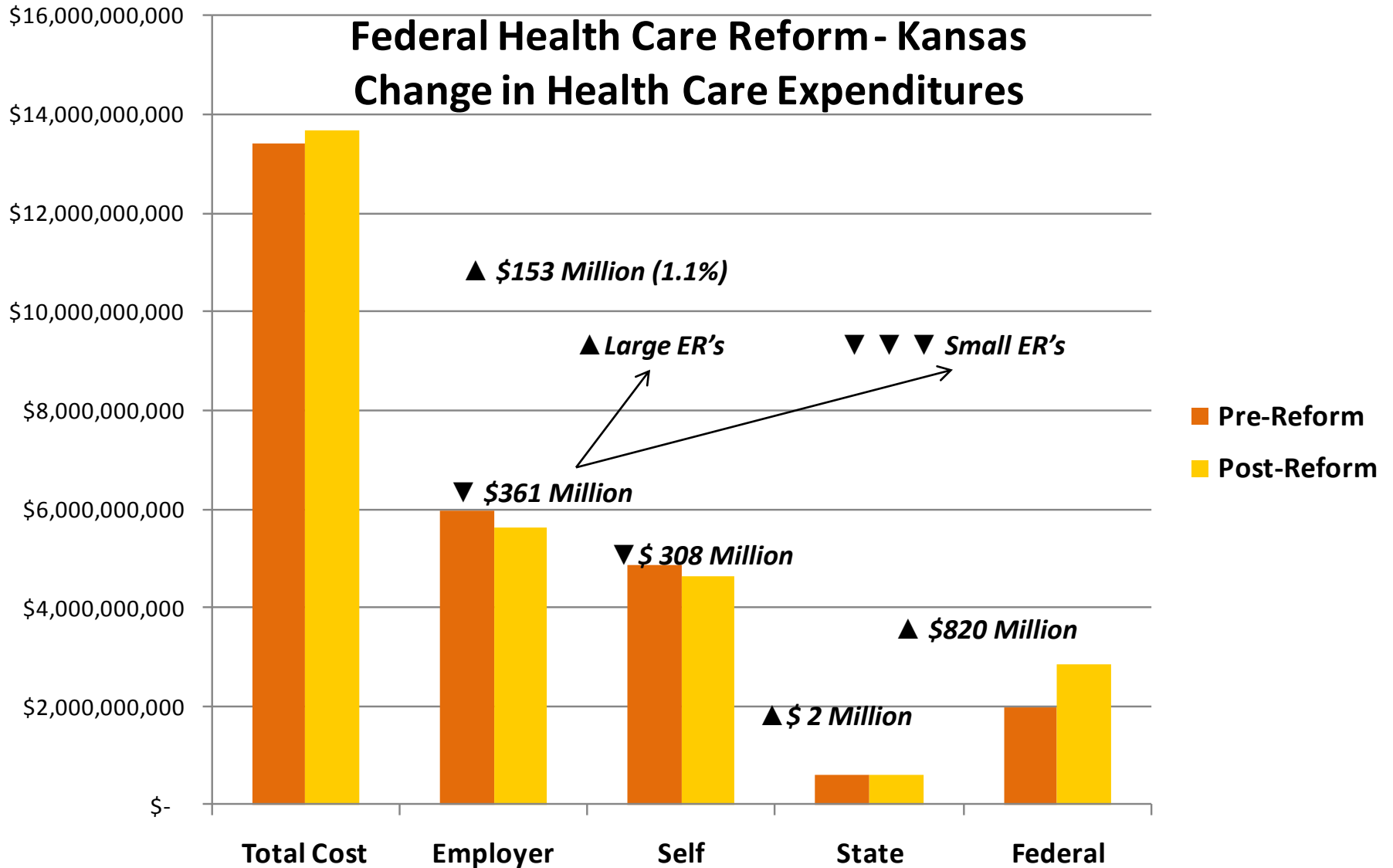
- Purpose is to inform Kansas decision makers
- State spending is best understood in a more comprehensive estimate
  - Impact of coverage mandate affects Medicaid participation
- State fiscal impact is dependent on future state decisions
  - Programs designed to secure access for the uninsured may need to be reviewed
  - Estimates examine state spending under a range of future policy choices, including potential increases in Medicaid provider payment rates

# Federal Health Care Reform - Kansas

## Change in Insurance Coverage



## Federal Health Care Reform- Kansas Change in Health Care Expenditures





# Federal Reforms: Impact on State Spending at Full Implementation in 2020

State options regarding direct spending for the safety net\*

	Maintain all state spending on the safety net	Reduce state spending on the safety net by half	Eliminate state spending on the safety net
Point estimate plus 5% provider rate increase	\$35 M	\$12 M	-\$8 M
Upper bound estimate of coverage	\$7 M	-\$16 M	-\$35 M
Point estimate	\$4 M	-\$19 M	-\$39 M

Additional risk: +/- \$15 million variance in true cost of Medicaid benefit package. Impact subject to state choice and federal regulation over covered benefits.

\*Options are illustrative and do not reflect the opinions of KHPA staff, nor the KHPA Board. State spending totals for the uninsured through the safety net are preliminary (\$40-\$45 million annually) . 11



# **Operational Challenge #1: Transforming the Eligibility Process**



# ACA Requirements for Coordination of Enrollment

- Sections 1413 and 2201 of the ACA include requirements to ensure integration of eligibility and enrollment between Medicaid and the exchange
  - States must make available a common web-based application for Medicaid, CHIP, and the subsidies and cost-sharing protections available in the exchange.
  - State exchanges must screen applicants for Medicaid and CHIP eligibility, and state Medicaid and CHIP programs must accept these referrals and enroll these individuals in the appropriate program without further review of eligibility.
  - State Medicaid programs must ensure that ineligible applicants are screened for eligibility for subsidies in state exchanges, and that those found eligible are enrolled in a plan through the exchange.
- States may contract with their state Medicaid agency to determine eligibility for premium subsidies and cost-sharing protections within the exchange
- Given the duplication of effort and the financial disputes that could arise from two competing eligibility processes, I expect most states will take this option



# ACA Requirements for Notification and Verification Standards and Protocols

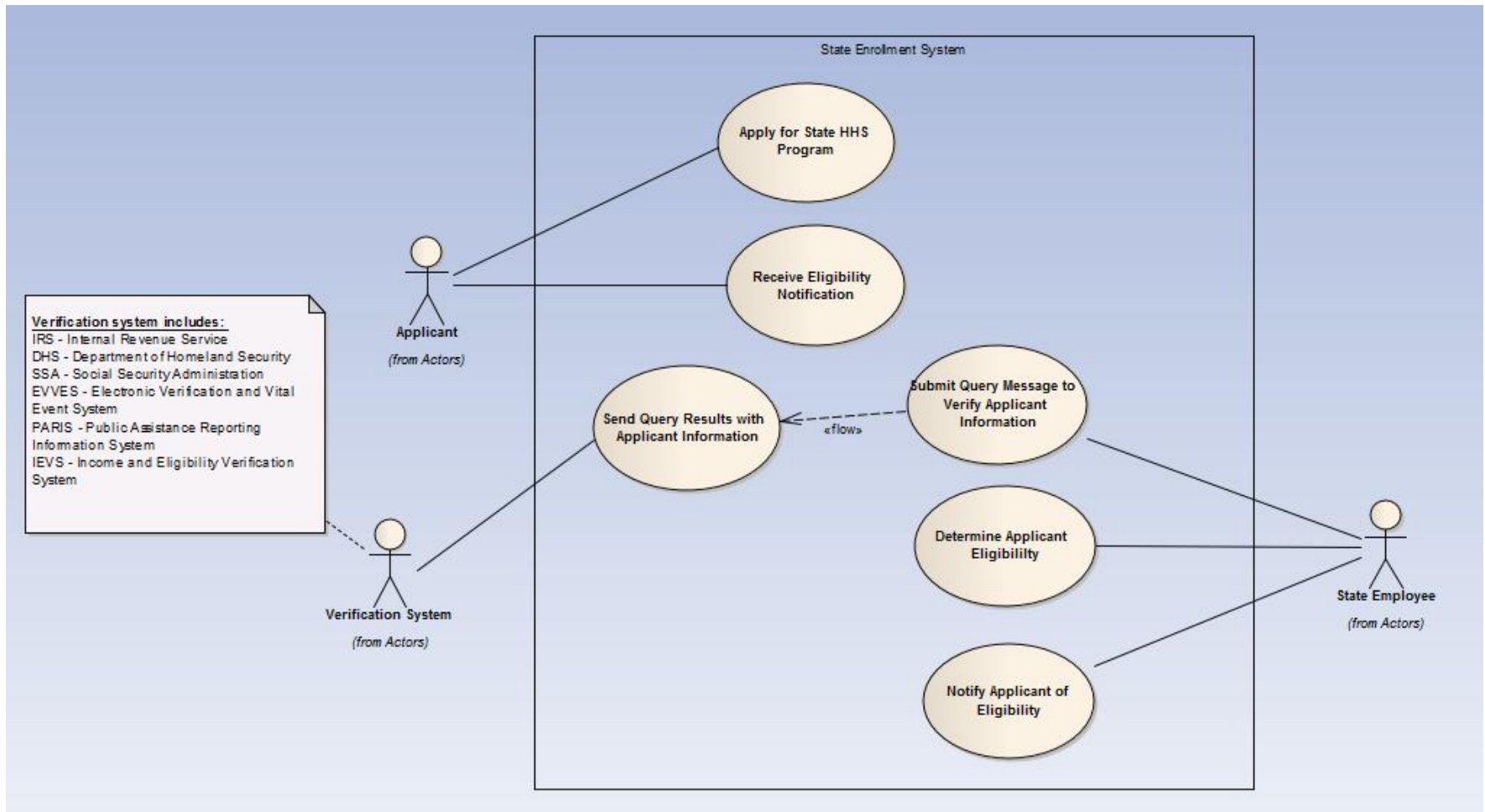
- **§ 1561. HIT Enrollment, Standards and Protocols.** Not later than 180 days after the enactment, the Secretary, in consultation with the HIT Policy and Standards Committees, shall develop interoperable and secure standards and protocols that facilitate enrollment in Federal and State health and human services programs through methods that include providing individuals and authorized 3<sup>rd</sup> parties notification of eligibility and verification of eligibility.



# Existing Eligibility System Cannot Support the ACA

- Combined “system” for Medicaid, cash assistance, food stamps, and child care often doesn’t speak with itself
- Again mainframe system has “hardening of the arteries,” uses a dead language
  - Paper applications: mail-in or hand carry
  - Labor-intensive reviews and work-flow management
  - Off-system calculations and “work-arounds”
- Very difficult to support additional eligibility categories
- Not possible to support on-line electronic adjudication of eligibility for both Medicaid and the exchange
- “Scalable” neither in the complexity nor the size of programs it can support

# Applicant Enrollment Data Verification – CIM Business Scenario



Source: National Health Information Network, prepared for August 24, 2010 meeting of the Office of National Coordinator Enrollment Workgroup

# Changing Needs in Medicaid Eligibility and Outreach

Current Model

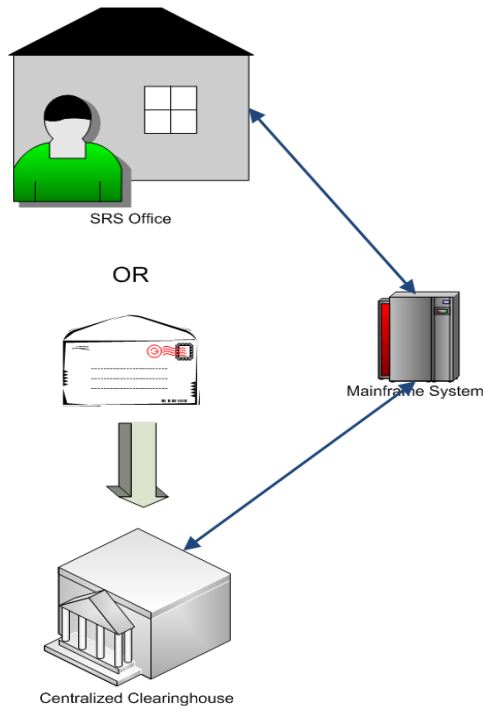


Figure 1

New Model

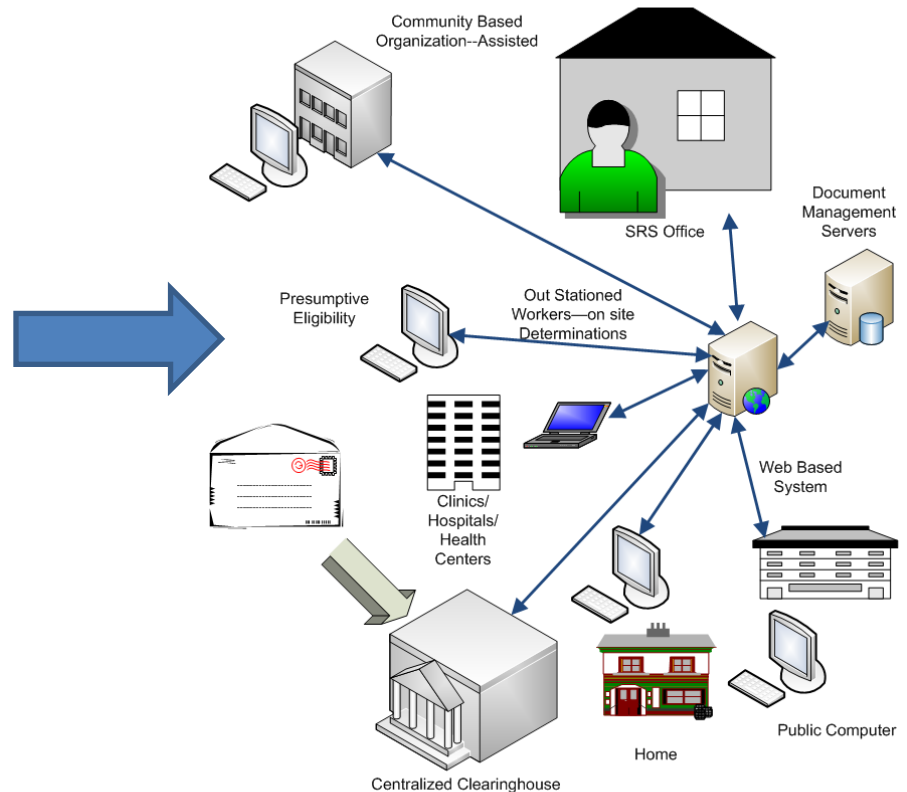


Figure 2



# Key Requirements for Kansas in a State Health Insurance Enrollment Solution

- Twice the scale. The state needs an on-line real-time system to support eligibility determinations for 33% larger Medicaid population and another Medicaid-sized exchange population receiving approximately \$600 million in income-based premium subsidies annually.
- One-third the time. Business processes must support concentrated enrollment of the expanded population in an annual “open enrollment period” beginning sometime between July and October 2013
- Perfectly integrated. The state needs a single, integrated eligibility process for health insurance provided through Medicaid and the exchange, and needs to maintain or improve integration with human service programs
  - Should also be built to serve as the eligibility subsystem of the MMIS
  - Potential to be modified to serve as the master patient index for an statewide health information exchange
- Tight deadline. The new system must be operational in mid-2013.



# State Health Reform Grant from HRSA

- State Health Access Program (SHAP) Grant from Health Resources and Services Administration (HRSA)
  - Final grant in a series of HRSA/SHAP grants
  - Kansas previously had 2 SHAP grants
  - Grant is to provide support for starting up programs that extend coverage to the uninsured population
  - SHAP grants will demonstrate, proof-test, and de-bug key elements of federal reform
- KHPA's project to cover the uninsured
  - Awarded approximately \$40 million over 5 years (2009-2014)
  - Includes funds to build IS base for modern approach to outreach
  - Significant funding for outreach and enrollment
  - Pilot expansion of coverage to young adults



# Planned Eligibility System for Health Insurance Coverage

## Grant objectives

- Create full “vertically integrated” eligibility system for Medicaid and the exchange
- Create online application for Medicaid/CHIP and presumptive eligibility screening tool for community partners
- Use full electronic adjudication to reduce error and increase the number and speed of determinations

## Additional benefits and design criteria

- Provide a base for seamless eligibility determinations between health insurance products including subsidies for participants in insurance exchanges under the ACA
- Provide platform that can be used as a building block for the future Medicaid Management Information System (MMIS) – appr. 2015
- Work together with human service agency (SRS) to create a common, flexible platform to build – in stages – an integrated process for administering and coordinating means-tested programs, e.g., cash assistance & food stamps



# Lessons Learned in the Planning Process for New Eligibility IS

- Planning for state-initiated replacement or upgrades is time-consuming and may be contentious
  - ACA's deadlines may require de-linking of health care and human service eligibility processes
  - Human service agencies and state IT decision makers may not be as familiar with the ACA
- Procurements must begin before decision makers in some states are in place
- It is too late for your state to initiate a new eligibility system for both Medicaid and the exchange. Alternatives:
  - build a vertically integrated health insurance eligibility system for the exchange and just the income-based Medicaid groups
  - add the Medicaid expansion and premium subsidies to an existing system
  - ask the Federal govt. to build and/or procure a system



# Key Questions Remain

- If “horizontal integration” of health insurance and human service enrollment systems and processes occurs in stages, what is the impact on operational costs during the transition period?
- Will applicants for private insurance in the exchange be presented with options to apply for the full range of state assistance programs?
- Will CMS permit states to simplify eligibility rules so that eligibility systems are simpler, cheaper and faster to build?



# Additional Complications and Uncertainty

- States must shift to the use of “Modified Gross Adjusted Income” (MAGI), a calculation from tax documents that will be provided electronically by the IRS
- For many households, MAGI will be out of date at the time of application for health insurance subsidies (via Medicaid or the exchange), or will become dated during the coverage year
- Who pulls the rip cord? The ACA allows for mid-year enrollment into Medicaid for those whose income has fallen
- Are states required to conduct surveillance with electronic data matching to find these families? Or
- Will mid-year switches be up to the initiative of those in need?



# **Operational Challenge #2: Identifying Administrative Efficiencies**



# Other Operational Support for Exchanges

- Exchanges will need information systems to support:
  - On-line applications for premium assistance
  - Web-based plan comparison and selection
  - Accounting system to track health plan enrollment, allocate premium splits across the Federal government, individuals, and employers
  - Premium billing
  - Comprehensive reporting for auditing and management purposes
- Kansas Medicaid will perform some version of all of these functions using through eligibility and business IS (MMIS)
- The state employee health plan also runs a mini-exchange
- Will likely use exchange planning dollars to investigate potential efficiencies

*Coordinating health & health care  
for a thriving Kansas*



<http://www.khpa.ks.gov/>